

Approved For Release 2004/08/23 : CIA-RDP78-01617A005800020049-0

State Department, FBI reviews completed

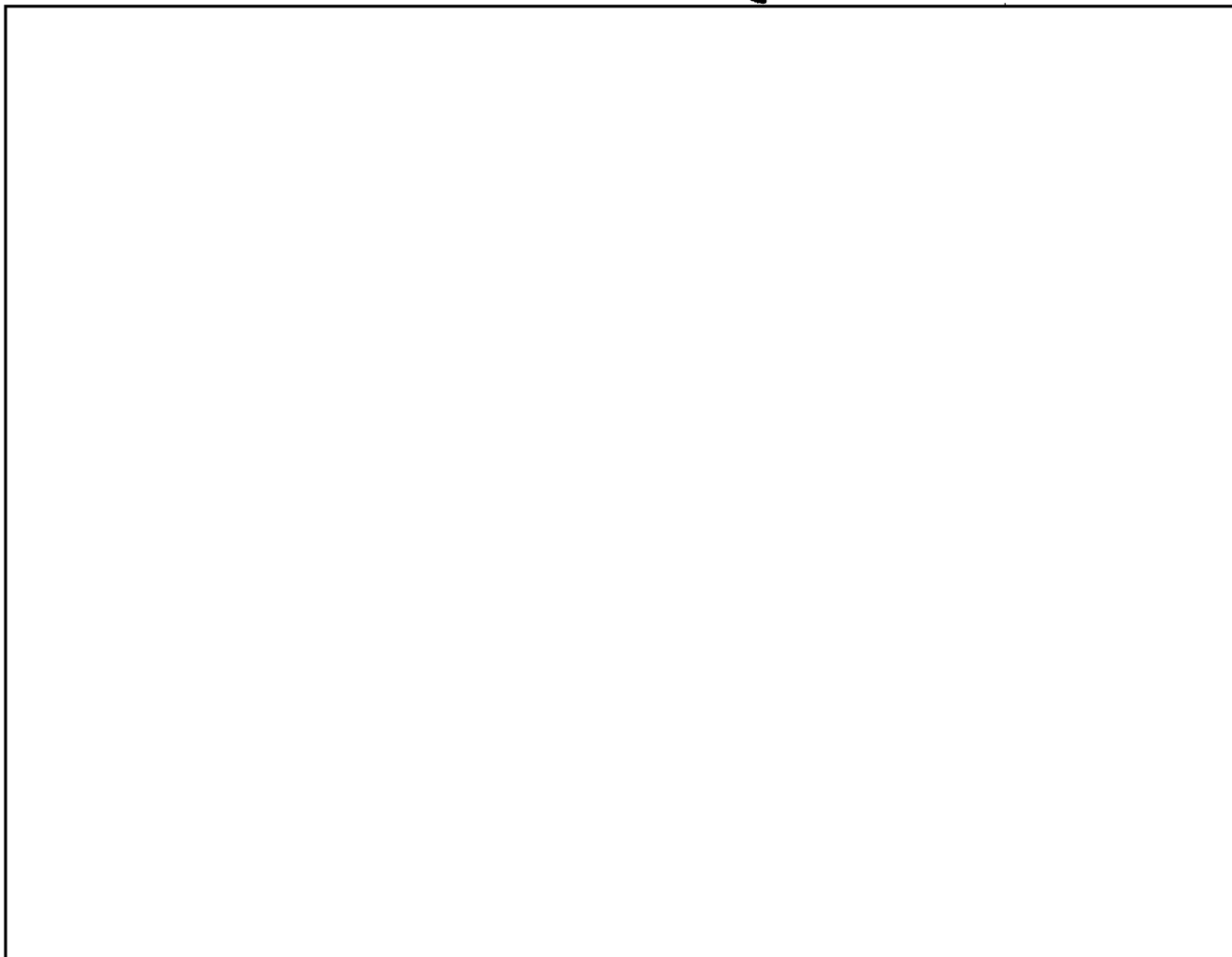
ARMY review(s) completed.

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EUROPE-AFRICA

3. FRANCE: Likelihood of Communist coup d'etat weighed--US Forces European Theater have transmitted; with comments, a Western Base Section intelligence summary of the French situation. Western Base Section believes that (a) if the 5 May referendum ratifies the new Constitution, the Communist Party will not immediately attempt to seize power, but if the 2 June National Assembly elections are "inconclusive as to Communist strength" the possibility of such an attempt exists;

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Document No. 049
NO CHANGE in Class. ☐
☐ DECLASSIFIED
Class. CHANGED TO: TS S **(C)**
DDA Memo, 4 Apr 77
Auth: DDA 100020049-0
Date: 14 MAR 1978

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and (b) if the Constitution is rejected the Communists "will definitely attempt" to seize power, immobilizing the US Army by destroying its transport and fuel supplies. USFET comments that, under any of these circumstances, a Communist coup d'état attempt is "improbable," but "always a possibility."

[redacted] considers that only defeat in the June elections will cause the Communists to attempt seizure of power.)

USFET has requested authority to move troops into France "for the protection of critical installations" if a threat should develop. Estimates have been confirmed that 300,000 French Communists are now armed.

A report in March of a French Communist coup in April was considered at that time [redacted] as "possible but improbable" [redacted]

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4. GERMANY: Rhine navigation--The State Department has been advised by its representatives in Frankfurt that (a) the French have formed a Rhine shipping organization (CFNR) contrary to US-advocated tripartite traffic policy; and (b) the US will attempt, with British cooperation, to persuade the French to join in the formation of a tripartite traffic committee and to withdraw the CFNR from inter-zonal affairs.

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6. RUMANIA: Soviets propose economic program--Général Schuyler, US delegate ACC, reports that the Soviets have requested US and UK concurrence in the following suggestions, to be made by the ACC to the Rumanian Government, for expediting Rumania's economic recovery: (a) a centralized government industrial planning agency to control the country's resources and assign production quotas to the more important industrial enterprises, (b) direct government control over exports and imports, (c) government supervision of all banks and credit, and (d)

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(d) more stringent budgetary and taxation controls. The US and UK delegates have asked for time to study the plan.

7. HUNGARY: Anti-Anglo-Saxon trend in leftist press--The US delegation ACC reports that the Communist and leftist press in Hungary has recently begun to print anti-American and anti-British news, including such items as a "libellous" story on the alleged looting of Japan by the US Army.

FAR EAST

8. KOREA: Popular dissatisfaction with Commission's progress--General Hodge reports that Koreans are restive and dissatisfied with what they consider to be lack of concrete progress by the Joint Commission and that serious unrest will probably develop both in northern and southern Korea if current Commission deliberations fail to produce concrete results in the direction of unifying the country and restoring independence. Many Koreans, particularly those of leftist tendencies, are voicing the opinion that US and Soviet occupation forces should be withdrawn and Korea be permitted to run its own affairs without outside interference and influence except for selected advisors.

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THE AMERICAS

10. ECUADOR: Possible military coup--Reports from Embassy Quito and the FBI indicate the possibility of an attempt on 4 May by artillery and cavalry units to overthrow the Velasco Government.

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